

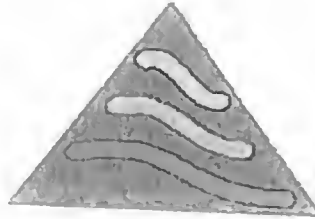


EMFULENI LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED


30 JUNE 2009



**EMFULENI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 June 2009**

I am responsible for the preparation of these financial statements, which are set out on pages 4-60, in terms of Section 126 (1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.


WT. MOETI
ACTING MUNICIPAL MANAGER

31/08/2009
DATE

EMFULENI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
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EMFULENI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

General information

Members of the Council

S.A Mshudulu	Mayor
N.G Hlongwane	Speaker
S.E Pitso	Member of the Mayoral Committee
T.J.S Thabane	Member of the Mayoral Committee
T.S Moepadira	Member of the Mayoral Committee
D. Malisa	Member of the Mayoral Committee
N.R Thulo	Member of the Mayoral Committee
M.T Ronyuza	Member of the Mayoral Committee
K.J.M Ranake	Member of the Mayoral Committee
F. Fundisa	Member of the Mayoral Committee
M.R Letsoenyo	Member of the Mayoral Committee
M.P Muir	Member of the Mayoral Committee

Municipal Manager

T.W Moeti

Chief Financial Officer

A. Lambat

Grading of Local Authority

Grade 11

Auditors

Auditor-General South Africa

Registered Office

61 Central Street
Houghton
Johannesburg
2193

Bankers

ABSA

Registered office:

Public Sector Gauteng East
Eastgate Office Park
P.O. Box 206
Bruma
2026

FNB

Registered office:

Head Office
Vaal Mall
P.O. Box 125
Vanderbijlpark
1900

Physical address:

Corner Klasie Havenga & Frikkie Meyer Boulevard
Vanderbijlpark
Gauteng Province
South Africa
1900

Postal address:

P.O Box 3
Vanderbijlpark
1900

Telephone number:

(016) 950 5000

Fax number:

(016) 950 5050

EMFULENI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current assets			
Cash and cash equivalents	1	11,403,332	23,112,005
Trade and other receivables from exchange transactions	2	129,171,562	350,763,375
Other receivables from non-exchange transactions	3	4,090,820	25,525,650
Inventories	4	11,030,875	14,158,533
Investments	5	234,613,224	328,400,556
VAT receivable	6	18,228,931	21,722,947
Non-current assets			
Investments	5	43,221,446	38,032,748
Property, plant and equipment	7	1,500,099,002	1,407,323,506
Total assets		<u>1,951,859,192</u>	<u>2,209,039,320</u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	389,253,696	340,024,269
Consumer deposits	9	27,705,880	26,206,461
Current provisions	10	-	-
Current portion of unspent conditional grants and receipts	11	118,981,548	133,044,868
Current portion of borrowings	12	5,051,892	5,831,274
Current portion of finance lease liability	13	18,455,534	18,283,169
Non-current liabilities			
Non-current borrowings	12	100,205,875	106,793,241
Non-current finance lease liability	13	51,285,606	66,360,963
Non-current provisions	14	1,607,688	1,338,433
Total liabilities		<u>712,547,719</u>	<u>697,882,678</u>
NET ASSETS			
Reserves	15	1,054,198,388	968,021,704
Accumulated surplus		185,113,085	543,134,938
Total net assets		<u>1,239,311,473</u>	<u>1,511,156,642</u>
Total net assets and liabilities		<u>1,951,859,192</u>	<u>2,209,039,320</u>

EMFULENI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	16	262,075,166	234,526,481
Service charges	17	1,270,288,936	1,043,782,200
Rental of facilities and equipment	18	7,050,203	8,740,440
Finance income	19	187,455,730	142,982,725
Dividends received		4,905	4,655
Fines	20	30,087,799	12,958,345
Licences and permits		3,851	1,613
Government grants and subsidies	21	407,358,168	409,828,033
Other income	22	106,682,030	46,093,004
Gains on disposal of property, plant and equipment	23	4,170,817	4,794,696
Total revenue		<u>2,275,177,605</u>	<u>1,903,712,192</u>
EXPENDITURE			
Employee costs	24	445,994,440	386,557,110
Remuneration of councillors	25	20,149,859	18,298,598
Depreciation and amortisation expense		97,085,156	85,056,273
Repairs and maintenance		115,563,935	78,478,179
Finance costs		26,265,074	28,533,495
Provision for credit losses		679,766,212	129,678,039
Bulk purchases	26	779,473,403	638,550,191
Contracted services		40,115,703	32,956,753
Grants and subsidies paid		18,423,868	2,065,458
General expenses	27	313,711,679	238,476,827
Total expenditure		<u>2,536,549,329</u>	<u>1,638,650,923</u>
(Deficit)/Surplus for the period		<u>(261,371,724)</u>	<u>265,061,269</u>

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Capital Replacement Reserve (CRR)	Capitalisation Reserve (CR)	Government Grant Reserve (GRR)	Revaluation Reserve (RR)	Accumulated Surplus	Total
	R	R	R	R	R	R
2008						
Balance at 01 July 2007	-	16,531,254	432,166,701	483,813,446	281,336,635	1,213,848,036
Changes in accounting policy	-					-
Correction of prior year error (Note 30.1)	-				(10,495,390)	(10,495,390)
Correction of prior year error (Note 30.2.1)	-				42,742,727	42,742,727
Restated balance	-	16,531,254	432,166,701	483,813,446	313,583,972	1,246,095,373
Surplus for the year					265,061,269	265,061,269
Transfer to CRR	11,079,739				(11,079,739)	-
Property, plant and equipment purchased			96,562,765		(96,562,765)	-
Assets written off/transferred			(6,415,709)		6,415,709	-
Offsetting of depreciation		(2,141,651)	(25,718,366)	(26,776,736)	54,636,753	-
Utilised to finance PPE	(11,079,739)				11,079,739	-
Balance at 30 June 2008	-	14,389,603	496,595,391	457,036,710	543,134,938	1,511,156,642
						-
2009						
Balance at 01 July 2008		14,389,603	496,595,391	457,036,710	543,134,938	1,511,156,642
Correction of prior period error					(10,473,445)	(10,473,445)
Restated balance	-	14,389,603	496,595,391	457,036,710	532,661,493	1,500,683,197
Deficit for the year					(261,371,724)	(261,371,724)
Transfer to CRR	98,963,730				(98,963,730)	-
Property, plant and equipment purchased	(98,963,730)		142,673,758		(43,710,028)	-
Offsetting of depreciation		(1,788,838)	(28,107,329)	(26,600,908)	56,497,074	-
Balance at 30 June 2009	-	12,600,765	611,161,821	430,435,802	185,113,085	1,239,311,473

EMFULENI LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1,637,736,700	1,625,662,700
Cash paid to suppliers and employees		(1,672,008,987)	(1,494,799,758)
Cash generated from (used in) operations	28	(34,272,286)	130,862,942
Dividends received		4,905	(4,655)
Investment income		39,308,894	(33,178,946)
Interest received		148,146,836	(108,208,930)
Interest paid		(26,265,074)	20,763,518
Net cash from operating activities		126,923,275	10,233,929
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(190,394,273)	118,737,292
Proceeds on disposal of property, plant and equipment		4,704,437	(6,415,709)
Proceeds from sale of other financial assets		-	(85,835,483)
Increase in call investment deposits		(5,188,702)	(254,351)
Net cash utilised from investing activities		(190,878,538)	26,231,749
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	1,925,278
Repayment of borrowings		(6,587,366)	(26,940,863)
Proceeds from finance lease liability		-	77,854,619
Repayment of finance lease liability		(33,358,526)	-
Net cash utilised from financing activities		(39,945,892)	52,839,034
Net (decrease)/increase in cash and cash equivalents		(103,901,155)	89,304,712
Cash and cash equivalents at the beginning of the year		349,917,711	260,612,999
Cash and cash equivalents at the end of the year	29	246,016,556	349,917,711

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

1 BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements are prepared in accordance with:

- Directive 5 – Determining the GRAP Reporting Framework, issued by the Accounting Standards Board in March 2009 and comprising of:
 - the Standards of Generally Recognised Accounting Practice (GRAP) as quoted beneath;
 - the Standards of Generally Accepted Municipal Accounting Practice (GAMAP) prescribed by the Minister of Finance in:
 - General Notices 991 and 992 of 2005, dated 7 December 2005 and Issued in Government Gazette No. 28095 of 15 December 2005; read in conjunction with Gazette No. 30013 of June 2007;
- Directive 3: Transitional provisions for the adoption of standards of GRAP by high capacity municipalities issued by the Accounting Standards Board in February 2008 and amended to entertain transfer of functions in March 2009;
- Standards and pronouncements of other standard setters in descending order, to develop an appropriate accounting policy only to the extent that the requirements are not in conflict with the Standards of GRAP or the Framework for the Preparation and Presentation of Financial Statements:
 - International Public Sector Accounting Standards Board (IPSASB).
 - International Accounting Standards Board (IASB), including the Framework for the Preparation and Presentation of Financial Statements.
 - Accounting Practices Board (APB).
 - Accounting Practices Committee (APC) of the South African Institute of Chartered Accountants (SAICA).

Accounting policies for material transactions, events or conditions not covered by the above GRAP or GAMAP standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practice (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted are disclosed below.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand (ZAR) which is also the functional currency of the municipality and are rounded to the nearest Rand.

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

1.2 GOING CONCERN ASSUMPTION

These financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 USE OF ESTIMATES

The presentation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered reasonable under the prevailing circumstances. Actual results may differ from these estimates.

Estimates and associated assumptions were made; inter alia, in the following circumstances:

1.3.1 Trade receivables / held to maturity investments and loans and receivables

The municipality assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.3.2 Provisions

Provisions were raised and management determined an estimate based on the information available.

1.3.3 Allowance for credit losses

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3.4 Distinguishing between operating leases and finance leases

In making the judgement in terms of GRAP 13, the municipality evaluates, among other factors, the level of risks and rewards transferred by determining the following:

- transfer of ownership at end of the lease term;
- the issue of a prior determined bargain purchase option;
- if the lease term covers the major part of the asset's economic life, and
- if the present value of the minimum lease payments approximates the fair value of the asset,

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

1.4 COMPARATIVE INFORMATION

Budget information has been provided in Appendix E to the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed.

Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS - NEW STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED

The accounting policies set out below have been applied consistently except where indicated:

2.1 PRESENTATION OF FINANCIAL STATEMENTS

GRAP 1: Presentation of Financial Statements does not apply to those items that have not been recognised as a result of Directive 3 - Transitional provisions under the Standards of GRAP on property, plant and equipment and inventories until the transitional provisions in those standards expire.

2.1.1 Reserves

2.1.1.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilisation of the CRR:

- The cash funds which back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed.

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

Capital Replacement Reserve (CRR) (cont.)

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

2.1.1.2 Capitalisation Reserve (CR)

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment has been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of the Annexure: Accounting Standards implementation guide attached to Circular No. 18: Implementation of new accounting standards, dated 23 June 2005 issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

2.1.1.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the government grant recorded as revenue in the Statement of Financial Performance.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed through a government grant is disposed off, the balance in the Government grant reserve relating to the item is transferred to the accumulated surplus/(deficit).

2.1.1.4 Donations and Public Contributions

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

Donations and Public Contributions (cont.)

revenue in the Statement of Financial Performance in accordance with GRAP 24 Presentation of Budget information in Financial Statements issued by National Treasury in November 2007. The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

2.1.1.5 Revaluation Reserve

The surplus arising from the revaluation of land, buildings and electrical infrastructure is credited to a non-distributable reserve.

The revaluation reserve is realised as revalued assets are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus/(deficit).

On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

2.1.1.6 Self-insurance Reserve

A Self Insurance Reserve has been established to cover claims that may occur, subject to external insurance policy terms and conditions. Premiums are charged to the respective services taking into account claims history, the insured value of property, plant and equipment and number of fleet vehicles.

Insurance premiums are paid from the expenditure accounts of the departments. Contributions by the departments to the insurance reserve are transferred from the contribution expenditure accounts of the departments to the insurance reserve according to amounts budgeted for in the operating budget.

Claim payments received from external insurers are utilised in the calculation of a gain or loss on the scrapping of damaged assets and are recorded in the Statement of Financial Performance.

Claim payments received in respect of repairs, damages and/or losses to assets are receipted to the insurance cost centre income account and are then transferred from the insurance cost centre transfer expenditure account to the insurance reserve where it is reflected as income.

Repair and replacement costs not fully covered by external insurance are paid from the insurance cost centre expenditure account that is then financed or reimbursed by a transfer

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

Self-insurance Reserve (cont.)

from the insurance reserve to the insurance cost centre transfer income account. The repair and replacement cost is reflected as an expense in the insurance reserve.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE AND ADOPTED.

The municipality has adopted the following accounting standards and interpretations that are effective for the current year and that are relevant to its operations:

2.2.1 Borrowing costs

The municipality has applied the requirements of the GRAP 5: Borrowing Costs prospectively. The requirements of the Standard of GRAP on Borrowing Costs only apply to those borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date of the Standard.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

2.2.2 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on the average consumption over the previous three months.

Revenue from the sale of prepaid electricity meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

Revenue from exchange transactions (cont.)

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Finance income is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a time proportionate basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

2.2.3 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, deferred income is recognised.

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

Revenue from non-exchange transactions (cont.)

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the sale of goods and services are recognised at its face value or cost. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

No initial measurement of fair value by discounting all future receipts using an imputed rate of interest was done for the financial year ended 30 June 2009.

2.2.3.1 Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

2.2.4 Events after the reporting date

Events after the reporting date are defined as favourable and unfavourable events that occur between the reporting date and the date the annual financial statements are authorised for issue.

The date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

EMFULENI LOCAL MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2009

2.2.5 Financial Instruments

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

2.2.5.1 *Initial recognition*

Financial instruments are initially recognised at fair value.

2.2.5.2 *Subsequent measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

2.2.5.3 *Investments*

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance

2.2.5.4 *Trade and other receivables*

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

2.2.5.5 *Trade payables and borrowings*

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

2.2.5.6 *Cash and cash equivalents*

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of

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Cash and cash equivalents (cont.)

three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

2.2.5.7 Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Trade and other payables from exchange transactions - A financial liability that is not measured at fair value through profit or loss. Stated at their nominal value.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading

Any other financial liabilities are classified as financial liabilities that are not measured at fair value through profit or loss.

In accordance with IAS 39.09 the financial liabilities of the municipality are classified only as financial liabilities that are not measured at fair value through profit or loss because none of the following instruments are held for trading.

2.2.5.8 Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

2.2.6 Employee benefits

In the absence of a Statement of GRAP on Employee Benefits, the municipality discloses the employee benefits as per IAS 19.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.2.6.1 Post-retirement medical benefits

The Municipality provides retirement benefits for its employees and councillors. Contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis due to the cost implication. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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Post-retirement medical benefits (cont)

A provision is maintained in respect of the liability to employees relating to post-retirement benefits, such as medical aid contributions

2.2.6.2 Provision for credit losses

The provision is equivalent to 100% of amounts owed to the municipality categorised as follows:

- Average difference of cash not collected per ward per service per category over the financial year.

In accordance GRAP 1: Presentation of Financial Statements and IAS 39: Financial Instruments, the provision for credit losses has been deducted from the amount outstanding by debtors at 30 June 2009.

2.2.6.2.1 Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date.

Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available for sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

2.2.6.3 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government: Municipal Finance Management Act 2003, (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where subsequently recovered, it is accounted for as revenue in the Statement of Financial Performance.

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2.2.6.4 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Local Government: Municipal Finance Management Act, (Act No. 56 of 2003), the Municipal Systems Act, (Act No. 32 of 2000), the Public Office Bearers Act, (Act No. 20 of 1998) or the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where subsequently recovered, it is accounted for as revenue in the Statement of Financial Performance.

2.2.6.5 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where subsequently recovered, it is accounted for as revenue in the Statement of Financial Performance

2.3 ACCOUNTING STANDARDS THAT ARE EFFECTIVE BUT NOT RELEVANT.

The municipality has adopted the following accounting standards and interpretations that are effective but are not relevant to its operations:

GRAP 4: The effects of changes in foreign exchange transactions.
GRAP 6: Consolidated and separate financial statements.
GRAP 7: Investments in associates.
GRAP 8: Interests in joint ventures.
GRAP 10: Financial reporting in hyperinflationary economies
GRAP 11: Construction contracts.
GRAP 101: Agriculture.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following accounting standards are not yet effective and not yet adopted by the municipality:

GRAP 23: Revenue from non-exchange transactions issued February 2008
GRAP 24: Presentation of Budget information in Financial Statements issues November 2007
GRAP 103: Heritage Assets issued July 2008
IFRIC 17: Distribution of Non-Cash Assets to owners effective 1 July 2009

2.5 ACCOUNTING STANDARDS THAT ARE EFFECTIVE BUT NOT IMPLEMENTED IN FULL DUE TO TRANSITIONAL PROVISIONS

The municipality has adopted the following accounting standards that are effective but has not implemented these in full due to the transitional provisions as per Directive 3: Directive on transitional provisions for high capacity municipalities.

The municipality has taken advantage of the transitional provisions of Directive 3, Directive on transitional provisions high capacity municipalities issued by the Accounting Standards Board

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February 2008, and will on each reporting date during the three year period, disclose the classes of property, plant and equipment that were not recognised or measured in accordance with the Standards of GRAP on Property, Plant and Equipment at the previous reporting date, but which are then so recognised and/or measured. The draft resolution(s) have been recommended to Council by the Section 80 Finance Committee on 20 August 2009 and by the Mayoral Committee on 25 August 2009.

Due to the Municipality having taken advantage of the GAMAP transitional provisions as well as the three year measurement exemption above, until expiration of these provisions and all classes of Property, plant and Equipment are measured according to GRAP 17, the municipality has also not complied with in full with the presentation and measurement criteria of the following:

GRAP 1: Presentation of financial statements;
GRAP 12: Inventory;
GRAP 13: Leases;
GRAP 16: Investment property;
GRAP 18: Segment reporting;
GRAP 19: Provisions, contingent liabilities and contingent assets.
GRAP 100: Non-current assets held for sale and discontinued operations;
GRAP 102: Intangible assets.

Detail of the transitional provisions is documented in the specific policies to the annual financial statements.

2.5.1 Inventories

2.5.1.1 *Initial recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

2.5.1.2 *Subsequent measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an

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Inventories: subsequent measurement (cont.)

expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

The municipality has disclosed the full value of water stock as at year end. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Consumables are written down with regard to their age, condition and utility.

Unsold properties for the purpose of resale are accounted for in terms of the exemptions published in Government Gazette No. 30013 dated 29 June 2007 and are accordingly disclosed as property, plant and equipment. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs if the costs occur frequently and are separately identifiable.

2.5.2 Leases

The municipality intends to take full advantage of the period of the transitional provisions. Where items have not been recognised in accordance with GRAP 17, Property, Plant and equipment, as a result of transitional provisions, which take precedence over the requirements of GRAP 13. GRAP 17 will have to be complied with first or transitional provisions of this standard are to expire prior to application of GRAP 13.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Such risks and rewards include:

- Transfer of ownership at the end of the lease term
- The lessee has a bargain purchase option
- The lease term covers a major part of the asset's economic life
- The present value of the minimum lease payments approximates the fair value of the asset. Payments made by a lessee that are a substantial portion of a leased asset's fair value are presumed to give rise to a finance lease.
- The presumption is that the lessee will have received substantially all the benefits of ownership because it will have paid an amount that is close to the asset's fair value.
- The leased asset is constructed to the municipality's specification and could not be used by others without significant modification,

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Leases (cont.)

as well as the following situations that may individually or in combination also lead to a lease being classified as a finance lease:

- On cancellation of the lease, the lessor's losses associated with the cancellation, e.g. loss of rental revenue are carried by the lessee;
- Movements in the fluctuation of the fair value of the residual accrue to the lessee;
- The lessee may upon expiration of the lease agreement, continue the lease at a rent which is substantially lower than market rent

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the finance lease costs and the capital repayment expensed as they become due.

2.5.2.1 Finance leases – the Municipality as lessor

Municipal assets leased to third parties under operating lease agreements are treated as property, plant and equipment and included in the statement of financial position. These properties are depreciated over their useful lives on a basis consistent with similar municipal owned property, plant and equipment. Lease rental income from these assets is recognised as income in the statement of financial performance over the term of the lease on a straight-line basis.

2.5.2.2 Finance leases – The Municipality as lessee

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term

2.5.2.3 Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2.5.2.4 Operating leases – The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance.

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2.5.3 Investment property

The municipality has taken advantage of the transitional provisions as of Directive 3 and applied the requirements of the standard of GRAP 3, Accounting Policies, Changes in Accounting Estimates and Errors on the Standard on Investment Property GRAP 16, on initial adoption of the standard and has done so retrospectively.

The municipality is accordingly not required to measure investment property in accordance with GRAP 16, within three years of initial adoption. The municipality intends to take full advantage of the period of the transitional provisions.

2.5.3.1 *Initial measurement*

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather

than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

2.5.3.2 *Subsequent measurement - cost model*

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

2.5.4 Property, plant and equipment

The municipality has taken advantage of the transitional provision as of Directive 3 and has not applied GRAP 17: Property, Plant and Equipment

The municipality intends to take full advantage of the period, which ends 30 June 2011, of the transitional provisions.

The municipality has applied Directive 3 of February 2008, and on initial adoption has done so retrospectively according to GRAP 3: Accounting Policies, changes in accounting estimates and errors.

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Property, plant and equipment (cont.)

Property, plant and equipment are stated at cost, less accumulated depreciation. No revaluation was done in the year under review. Heritage assets, which are culturally significant resources and which are shown at cost are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an unlimited life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.
- Installation cost.
- Professional fees.
- Estimated cost of dismantling the asset

Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the original best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition. Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use.

Depreciation is calculated on the depreciable amount (cost less residual value), using the straight line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

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Property, plant and equipment (cont.)

<u>Component</u>	<u>Years</u>
<u>Infrastructure</u>	
Roads and paving	20
Pedestrian malls	30
Electricity	50 – 60
Water	15 – 20
Sewerage	15 – 20
Housing	30
<u>Community assets</u>	
Buildings	30
Recreational facilities	20 – 30
Security	5
<u>Other assets</u>	
Buildings	30
Specialist vehicles	10
Other vehicles	5
Office equipment	3 – 7
Furniture and fittings	7 – 10
Watercraft	15
Bins and containers	5
Specialised plant and equipment	10 – 15
Other items of plant and equipment	2 - 5
Landfill sites	30 - 55
<u>Intangible assets</u>	
Computer Software	3 - 5

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The carrying values of items of property, plant and equipment have not been adjusted with impairment losses as no impairment testing was done. The useful lives and residual values of assets classified as property, plant and equipment were not reviewed during the year under review.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

No property was classified and disclosed as investment property. Land and buildings, in some instances are recognised as items of property, plant and equipment.

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2.5.4.1 Impairment

The testing for and impairing of any items of property, plant and equipment were not accounted for.

2.5.4.2 Disposal of property, plant and equipment

- The carrying values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and
- The sales proceeds are reflected as a gain or loss in the Statement of Financial Performance.

2.5.4.3 Review of useful lives

The useful lives of assets have not been reviewed. The current year's accounting policy agrees with that applied in the previous financial year.

2.5.4.4 Review of depreciation method

The depreciation method was not reviewed. The current year's accounting policy agrees with that applied in the previous financial year.

2.5.4.5 Impairment of cash and non-cash generating assets

The assets in question were not assessed for possible impairment. This is in line with the accounting policy applied in the previous financial year.

2.5.4.6 Property held for sale in the ordinary course of operations

Property held for sale in the ordinary course of operations is classified as part of property, plant and equipment in terms of the exemptions contained in Gazette No. 30013 of 29 June 2007. This is in line with the accounting policy applied in the previous financial year.

2.5.5 Provisions, contingent liabilities and contingent assets

The municipality intends to take full advantage of the period of the transitional provisions. Due to the transitional provisions under the Standard of GRAP on Property, Plant and Equipment, certain assets have not been recognised as Property, Plant and Equipment and due to the non-recognition of such assets, the requirements of the Standard on Provisions, Contingent Liabilities and Contingent assets have not been applied until the expiration the Property, Plant and Equipment transitional provisions..

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

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Provisions, contingent liabilities and contingent assets (cont.)

- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where some or all of the expenditure required for settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

2.5.6 Intangible assets

The municipality intends to take full advantage of the period of the transitional provisions.

On initial adoption of the Standard of GRAP on Intangible Assets, any accumulated and retained information about the costs and the future economic benefits or service potential related to intangibles assets that may have been previously expensed are now being recognised in accordance with the standard.

An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods and services, for rentals to others, or for administrative purposes. Intangible assets have been treated in accordance with the provisions of GRAP102, "Intangible Assets". Intangible assets are initially recorded at their cost price and subsequently amortised over their expected useful lives. The intangible assets under the control of the Municipality are amortised according to the straight-line method.

Intangible assets comprise software and servitudes, and are shown at cost, less accumulated amortisation and accumulated impairment losses.

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Intangible assets (cont.)

Software is amortised on a straight-line basis over its anticipated useful life. Servitudes are not amortised.

Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the group and have a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset. Associated costs include staff costs of the development team and an appropriate portion of relevant overheads.

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

Research and development expenditure is written off as incurred.

2.5.6.1 Initial measurement

After initial recognition, an intangible asset is carried at its cost less any accumulated impairment losses and amortisation. Amortisation is charged on a straight-line basis over the useful life which is estimated to be between 3 and 5 years. The useful life of an intangible asset is the period over which that asset is expected to be available for use. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The estimated useful life and amortisation methods are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively. Intangible assets are recognised at cost. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire the asset at the time of its acquisition or construction. Only cost incurred on computer software and websites that meet the definition of an intangible asset are recognised as permitted in terms of Gazette 30013 of 29 June 2007. All other cost incurred on intangible assets during the exemption period has been expensed. Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

2.5.7 Non-current assets held for sale and discontinued operations

The municipality complied with Directive 3 of February 2008, on initial adoption of GRAP 100: Non-current Assets Held for Sale and Discontinued Operations and has done so prospectively for all non-current assets (or disposal groups), that meet the criteria to be classified as held for sale.

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Non-current assets held for sale and discontinued operations (cont.)

The municipality intends to take full advantage of the period of the transitional provisions.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

2.5.8 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

2.5.9 Impairment of non-financial assets

Non-financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

Servitude will only become impaired if the line to which the servitude is linked is derecognised. In practice a derecognised line will be refurbished or replaced by a new line. The likelihood of the impairment of a servitude right is remote.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to its present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

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Impairment on non-financial assets (cont.)

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

2.5.10 Conditional grants and receipts

2.5.10.1 *Grants and receipts of capital nature*

When items of property, plant and equipment are financed from government grants, a transfer is made from the Accumulated Surplus/Deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the Accumulated Surplus/Deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

Government grants are recognised when there is reasonable assurance that:

- the municipality will comply with the conditions attaching to them; and
- the grants will be received.

2.5.10.2 *Grants and receipts of a revenue nature*

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

A government grant that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as income of the period in which it becomes receivable.

EMFULeni LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
1 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	200	40,753
Cash at bank	(19,685,574)	(2,754,100)
Cheques Outstanding	31,088,706	25,825,352
	<u>11,403,332</u>	<u>23,112,005</u>
Current Account		
<u>ABSA Bank Vanderbijlpark</u>		
Account No. 530000087 ABSA Bank Vanderbijlpark		
Cash book balance at beginning of year	(5,555,105)	(32,285,554)
Cash book balance at end of year	<u>(20,421,382)</u>	<u>(5,555,105)</u>
Bank statement balance at beginning of year	19,855,423	18,238,649
Bank statement balance at end of year	<u>10,809,727</u>	<u>19,855,423</u>
<u>ABSA Bank Vanderbijlpark - Salary Account</u>		
4057749059		
Cash book balance at beginning of year	2,272,316	914,461
Cash book balance at end of year	<u>568,880</u>	<u>2,272,316</u>
Bank statement balance at beginning of year	2,480,823	1,204,390
Bank statement balance at end of year	<u>686,202</u>	<u>2,480,823</u>
<u>First National Bank - Traffic Fines Account</u>		
Account No. 62072353396		
Cash book balance at beginning of year	528,689	388,012
Cash book balance at end of year	<u>166,928</u>	<u>528,689</u>
Bank statement balance at beginning of year	528,689	388,012
Bank statement balance at end of year	<u>166,928</u>	<u>528,689</u>

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2009	Gross Balances	Provision for Credit Losses	Net Balance
<u>Service Debtors</u>			
Assessment Rates	454,106,102	409,457,946	44,648,156
Refuse	133,789,813	123,602,453	10,187,360
Indigent debtors control	132,254,671	132,254,671	-
Clearance two year debt	164,511	151,984	12,527
Electricity	135,094,136	124,807,459	10,286,677
Sewerage	260,028,456	240,228,715	19,799,741
Water	580,962,403	536,725,302	44,237,101
Total	<u>1,696,400,092</u>	<u>1,567,228,530</u>	<u>129,171,562</u>

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

As at 30 June 2008

Service Debtors			
Assessment rates	626,738,663	544,752,203	81,986,460
Refuse	148,101,283	122,146,752	25,954,531
Indigent debtors control	99,659,576	99,659,576	-
Clearance two year debt	137,579	111,479	26,100
Electricity	122,505,337	72,050,801	50,454,536
Sewerage	270,580,953	202,468,678	88,114,275
Water	765,625,608	641,398,135	124,227,473
Total	2,033,348,999	1,682,585,824	350,763,375

Ageing as at 30 June 2009

	Rates	Water, Electricity, Sewerage, Cleansing	Total
Current (0 – 30 days)	22,175,463	95,745,965	117,921,428
31 - 60 Days	11,231,540	36,657,508	47,889,048
61 - 90 Days	10,731,395	32,450,295	43,181,890
91+ Days	409,967,705	811,395,737	1,221,363,442
Total	454,106,103	976,249,505	1,430,355,808

Ageing as at 30 June 2008

	Rates	Water, Electricity, Sewerage, Cleansing	Total
Current (0 – 30 days)	35,828,345	88,297,977	124,126,322
31 - 60 Days	9,053,298	26,160,846	35,214,144
61 - 90 Days	11,979,126	32,091,199	44,070,325
91+ Days	1,196,616,557	1,259,500,569	2,458,117,126
Total	1,253,477,326	1,408,050,591	2,659,527,917

Doubtful debt

Government Accounts - 0% of the total outstanding amount

Indigent Accounts - 0% of outstanding amount

Sundry Accounts - 100% between 91 and 180 days

Business/Industrial - 100% between 91 and 180 days

All other Accounts:

Outstanding Amounts between 91 and 180 Days

Collectable Amount based on payment ratio for the last 12 months per ward

Bad debt

Government Accounts - 0% of the total outstanding amount

Indigent Accounts - 100% of outstanding amount

Sundry Accounts - 100% between 181 and more days

Business/Industrial - 100% between 181 and more days

All other Accounts:

Outstanding Amounts between 181 and more

Balance of amounts not collected in doubtful debt and bad debt

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2009	Gross Balances	Provision for Credit Losses	Net Balance
Housing/Erven loans	11,682,202	11,682,202	-
Sundry debtors	55,673,505	51,582,685	4,090,820
Debtor suspense account	28,869,766	28,869,766	-
Unauthorised expenditure	-	-	-
Total Other Debtors	96,225,473	92,134,653	4,090,820

As at 30 June 2008

Debtors year end suspense	410,758	410,758	-
Housing/Erven loans	5,614,418	5,614,418	-
Sundry debtors	86,180,580	60,654,930	25,525,650
Rental debtors	5,860,387	5,860,387	-
Debtor suspense account	22,425,962	22,425,962	-
Total Other Debtors	120,492,104	94,966,454	25,525,650

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4 INVENTORY

<u>Opening balance of inventories:</u>	14,158,533	12,423,816
Consumable stores - at cost	1,596,979	1,912,019
Maintenance materials - at cost	645,282	794,420
Spare parts - at net realisable value	11,622,967	9,583,986
Obsolete stock	-	(218,463)
Water	293,305	351,854
<u>Closing balance of inventories:</u>	11,030,875	14,158,533
Consumable stores	800,870	1,596,979
Maintenance materials	917,761	645,282
Spare parts	9,073,954	11,622,967
Water	238,290	293,305

5 INVESTMENTS

Financial Instruments

Fixed Deposits	43,221,446	38,032,748
	<u>43,221,446</u>	<u>38,032,748</u>
Pledged Investments		

Included in the fixed deposit totalling R43 221 446 held with both New Republic Bank, Standard Bank and INCA have been pledged as security of DBSA, Stannic and INCA loans.

Listed securities of R55 000 forms part of the long-term investments. The current value as at 30 June 2009 is R96 094.08. The number of shares is 5 561 and the value per ordinary share is R17.28.

Other Deposits - Short-Term		
Call Account Deposits	234,613,224	328,400,556
Total Call Investment Deposits	<u>234,613,224</u>	<u>328,400,556</u>
Total Investments	<u>277,834,670</u>	<u>366,433,304</u>

6 VAT RECEIVABLE

VAT receivable	<u>18,228,931</u>	<u>21,722,947</u>
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2009

	Land and buildings R	Infrastructure R	Heritage R	Community R	Leased infrastructure R	Other R	Total R
Reconciliation of carrying value							
Carrying values at 01 July 2008		1,018,067,490	203,919	214,607,931	21,014,899	153,429,266	1,407,323,506
Cost	-	2,215,154,827	203,919	287,180,315	57,379,409	294,854,384	2,854,772,854
Capital under construction	-	142,816,125	-	2,081,833	-	1,312,412	146,210,370
Revaluation	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,339,903,462)	-	(74,654,217)	(36,364,510)	(142,737,530)	(1,593,659,718)
- Cost	-	(543,568,837)	-	(74,654,217)	(36,364,510)	(142,737,530)	(797,325,093)
- Revaluation	-	(796,334,625)	-	-	-	-	(796,334,625)
Acquisitions / write-ons	-	52,967,965	-	6,275,889	(57,379,409)	101,224,162	103,088,607
Capital under construction	-	78,435,800	-	1,637,248	-	7,232,618	87,305,666
- Current year	-	221,251,925	-	3,719,081	-	8,545,030	233,516,036
- Capitalised	-	(142,816,125)	-	(2,081,833)	-	(1,312,412)	(146,210,370)
Increases / Decreases in Revaluation	-	-	-	-	-	-	-
Depreciation	-	(50,619,905)	-	(4,027,981)	36,364,510	(78,801,780)	(97,085,156)
- Based on cost	-	(50,619,905)	-	(4,027,981)	36,364,510	(78,801,780)	(97,085,156)
- Based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals / write-offs	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	(533,620)	(533,620)
- Accumulated depreciation	-	-	-	-	-	(6,307,594)	(6,307,594)
Impairment losses	-	-	-	-	-	5,773,974	5,773,974
Other movements	-	-	-	-	-	-	-
Carrying values at 30 June 2009		1,090,851,350	203,919	218,493,087	-	182,550,646	1,500,099,002
Cost	-	2,268,122,792	203,919	283,456,204	-	389,770,952	2,951,553,867
Capital under construction	-	221,251,925	-	3,719,081	-	8,545,030	233,516,036
Revaluation	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,390,523,367)	-	(78,682,198)	-	(215,765,336)	(1,684,970,900)
- Cost	-	(594,188,742)	-	(78,682,198)	-	(215,765,336)	(888,636,275)
- Revaluation	-	(796,334,625)	-	-	-	-	(796,334,625)

7 PROPERTY, PLANT AND EQUIPMENT (cont.)

30 June 2008

Reconciliation of carrying value		Land and buildings R	Infrastructure R	Heritage R	Community R	Leased infrastructure R	Other R	Total R
Carrying values at 01 July 2007		180,920	947,950,180	203,919	211,806,609	21,014,899	105,287,947	1,286,444,484
Cost		180,920	2,240,827,840	203,919	282,884,658	57,379,409	214,692,461	2,796,169,207
Reclassification of class of asset		-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-
Accumulated depreciation		-	(1,292,877,650)	-	(71,078,049)	(36,364,510)	(109,404,514)	(1,509,724,723)
- Cost		-	(496,543,025)	-	(71,078,049)	(36,364,510)	-	(713,390,098)
- Revaluation		-	(796,334,625)	-	-	-	-	(796,334,625)
Acquisitions / write-ons		-	38,976,263	-	4,295,657	-	86,821,505	130,093,425
Capital under construction		-	142,816,125	-	2,081,833	-	1,312,412	146,210,370
- Current year		-	194,146,119	-	2,081,833	-	7,944,303	204,353,175
- Capitalised		(180,920)	(51,329,994)	-	-	-	(6,631,891)	(58,142,805)
Increases / decreases in revaluation		-	-	-	-	-	-	-
Depreciation		-	(48,119,398)	-	(3,576,168)	-	(33,360,707)	(85,056,273)
- Based on cost		-	(48,119,398)	-	(3,576,168)	-	(33,360,707)	(85,056,273)
- Based on revaluation		-	-	-	-	-	-	-
Carrying value of disposals / write-offs		-	(12,225,696)	-	-	-	-	(12,225,696)
- Cost		-	(13,319,282)	-	-	-	(27,691)	(13,346,973)
- Accumulated depreciation		-	1,093,586	-	-	-	27,691	1,121,277
Impairment losses		-	-	-	-	-	-	-
Other movements		-	-	-	-	-	-	-
Carrying values at 30 June 2008		-	1,018,067,490	203,919	214,607,931	21,014,899	153,429,266	1,407,323,506
Cost		-	2,215,154,827	203,919	287,180,315	57,379,409	294,854,384	2,854,772,854
Capital under construction		-	142,816,125	-	2,081,833	-	1,312,412	146,210,370
Revaluation		-	-	-	-	-	-	-
Accumulated depreciation		-	(1,339,903,462)	-	(74,654,217)	(36,364,510)	(142,737,530)	(1,593,659,718)
- Cost		-	(543,568,837)	-	(74,654,217)	(36,364,510)	(142,737,530)	(797,325,093)
- Revaluation		-	(796,334,625)	-	-	-	-	(796,334,625)

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

8	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade creditors	150,257,391	145,567,204
	Payments received in advance	90,545,268	70,527,916
	Retentions	21,231,824	12,205,639
	Outstanding cheques	31,088,706	25,825,352
	Accrued interest	471,132	-
	Provision for leave	30,829,155	28,181,589
	Provision for long-service	-	269,255
	Provision for 13th cheque	20,371,138	18,034,828
	Other creditors	44,459,082	39,412,486
	Total trade and other payables	<u>389,253,696</u>	<u>340,024,269</u>
9	CONSUMER DEPOSITS		
	Electricity and Water	27,705,880	26,206,461
	Total consumer deposits	<u>27,705,880</u>	<u>26,206,461</u>
10	PROVISIONS		
	Total Provisions	<u>-</u>	<u>-</u>
11	CURRENT PORTION OF UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	Unspent Conditional Grants from other spheres of Government		
	Municipal infrastructure grant	42,259,037	11,911,037
	Financial management grant	792,738	911,550
	Restructuring grant	30,241,465	59,259,882
	Grant libraries	5,417,429	3,296,300
	DWAF grant	227,432	219,253
	Health grant	1,066,625	2,420,019
	HIV/AIDS grant	854,253	1,186,284
	Other Unspent Conditional Grants and Receipts		
	Other conditional receipts	38,122,569	53,840,542
	Total Unspent Conditional Grants and Receipts	<u>118,981,548</u>	<u>133,044,868</u>
	Current portion of unspent conditional grants and receipts	<u>118,981,548</u>	<u>133,044,868</u>
12	BORROWINGS		
	Local Registered Stock Loans		
	Annuity Loans	105,257,767	112,624,515
		<u>105,257,767</u>	<u>112,624,515</u>
	Less : Current portion transferred to current liabilities	5,051,892	5,831,274
	Annuity Loans	5,051,892	5,831,274
	Capitalized lease liability		
	Total borrowings	<u>100,205,875</u>	<u>106,793,241</u>
	Refer to Appendix A for more detail on borrowings.		
13	FINANCE LEASE LIABILITY		
	2009	Present value of minimum lease payments	
	Amounts payable under finance leases		
	Within one year	18,455,534	
	Within two to five years	51,285,606	
		<u>69,741,140</u>	
	Less: Amount due for settlement within 12 months (current portion)	18,455,534	
		<u>51,285,606</u>	
	2008		Present value of minimum lease payments
	Amounts payable under finance leases		
	Within one year		18,283,169
	Within two to five years		66,360,963
			<u>84,644,132</u>
	Less: Amount due for settlement within 12 months (current portion)		18,283,169
			<u>66,360,963</u>
14	NON-CURRENT PROVISIONS		
	Provision for long-service awards	1,607,688	1,338,433
	Total Non-Current Provisions	<u>1,607,688</u>	<u>1,338,433</u>

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

15 RESERVES

Capitalization Reserve	12,600,765	14,389,603
Government Grant Reserve	611,161,821	496,595,391
Revaluation Reserve	430,435,802	457,036,710
Total Reserves	<u>1,054,198,388</u>	<u>968,021,704</u>

16 PROPERTY RATES

Actual

Residential	127,771,568	111,941,139
Commercial	106,079,775	97,100,993
Government	12,481,264	10,473,031
Agriculture	15,698,223	14,965,654
Other	44,336	45,664
Total Assessment Rates	<u>262,075,166</u>	<u>234,526,481</u>

Property Valuations

Residential	1,512,767,046	1,422,346,160
Commercial	788,627,478	688,928,420
Government	126,419,030	98,742,700
Agriculture	412,495,352	369,114,700
Other	568,175	47,644,710
Total Property Valuations	<u>2,840,877,081</u>	<u>2,626,776,690</u>

17 SERVICE CHARGES

Sewerage and sanitation Charges	157,342,103	132,082,797
Sale of Electricity	727,808,938	570,067,249
Sale of Water	308,958,778	275,645,957
Refuse removal	76,179,117	65,986,199
Total Service Charges	<u>1,270,288,936</u>	<u>1,043,782,201</u>

18 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	6,728,584	8,520,134
Rental of equipment	321,619	220,307
Total	<u>7,050,203</u>	<u>8,740,440</u>

19 FINANCE INCOME

Bank	39,308,894	34,773,795
Finance income on arrears	148,146,836	108,208,930
Total finance income	<u>187,455,730</u>	<u>142,982,725</u>

20 TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.	<u>30,087,799</u>	<u>12,958,345</u>
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EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21 GOVERNMENT GRANTS AND SUBSIDIES

Government Grants

Equitable Share	307,071,663	237,308,815
Department of Water Affairs and Forestry	2,719,821	19,945,127
Municipal Infrastructure Grant	-	96,275,673
HIV/AIDS Grant	1,440,031	404,504
Finance Management Grant	618,812	859,336
Health Grant	1,353,394	458,872
Restructuring Grant	29,018,417	7,232,209
Regional Sewer Scheme	13,386,767	7,272,332
Dry Sanitation Grant	0	1,864,526
Bontle ke Botho	80,484	-
ICT Programme Grant	2,560,871	-
Housing Grant	10,600,000	-
Intern Grant	131,020	-
Sport and recreation	21,484	-
National Electrification Programme	3,967,312	-
Projects funded ex district municipality	9,960	-
Maplankeng Project	385,555	-
Other grants	795,825	996,920
Total Government Grants	<u>374,161,418</u>	<u>372,618,314</u>

Provincial Subsidies

Health Subsidy	33,196,750	37,209,719
Total Provincial Subsidies	<u>33,196,750</u>	<u>37,209,719</u>

Total Government Grants & Subsidies Received and Allocated as Income	407,358,168	409,828,033
Transferred from Conditional Grant Creditors (Appendix G)	-	-
Performance	<u>407,358,168</u>	<u>409,828,033</u>

Changes in levels of Government Grants : None

21.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to indigent community members and to subsidise income. Currently the municipality provides 6 kilolitres of water free to residential households in informal settlements. All registered indigents qualify for a subsidy to the maximum of R 336 per month.

21.2 Department of Water Affairs and Forestry

Opening balance	219,253	20,050,380
Current year receipts	2,728,000	114,000
Conditions met - Transferred to income	(2,719,821)	(19,945,127)
Conditions still to be met - transferred to liabilities	<u>227,432</u>	<u>219,253</u>

This grant is used for water demand management. No funds have been withheld by the grantor.

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21.3 Municipal Infrastructure Grant

Opening balance	11,911,038	5,116,377
Current year receipts	30,348,000	103,070,334
Conditions met - transferred to income	(37,170,658)	(96,275,673)
Conditions still to be met - transferred to liabilities	<u>5,088,380</u>	<u>11,911,038</u>

This grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld by the grantor.

21.4 HIV/AIDS Grant

Opening balance	1,186,285	1,115,789
Current year receipts	1,108,000	475,000
Conditions met - Transferred to income	(1,440,031)	(404,504)
Conditions still to be met - transferred to liabilities	<u>854,254</u>	<u>1,186,285</u>

This grant is used for various purposes depending on the business plan. No funds have been held by the grantor.

21.5 Financial Management Grant

Opening balance	911,550	1,270,886
Current year receipts	500,000	500,000
Conditions met - Transferred to income	(618,812)	(859,336)
Conditions still to be met - transferred to liabilities	<u>792,738</u>	<u>911,550</u>

This grant is used for internship programme. No funds have been held by the grantor.

21.6 Health Grant

Opening balance	2,420,019	2,020,061
Current year receipts	-	858,830
Conditions met - Transferred to income	(1,353,394)	(458,872)
Conditions still to be met - transferred to liabilities	<u>1,066,625</u>	<u>2,420,019</u>

This grant is used to improve Primary Health Care Facilities. No funds have been held by the grantor.

21.7 Restructuring Grant

Opening balance	59,259,882	66,492,091
Current year receipts	-	-
Conditions met - Transferred to income	(29,018,417)	(7,232,209)
Conditions still to be met - transferred to liabilities	<u>30,241,465</u>	<u>59,259,882</u>

This grant is used for the meeting of particular financial and institutional improvement targets. Targeting mainly service delivery and local economic development. No funds have been held by the grantor.

EMFULeni LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21.8 Regional Sewer Scheme

Opening balance	42,727,668	-
Current year receipts	-	50,000,000
Conditions met - Transferred to income	(13,386,767)	(7,272,332)
Conditions still to be met - transferred to liabilities	<u>29,340,901</u>	<u>42,727,668</u>

This grant is used for the sewer sprudge problems of the Vaal river areas. No funds have been held by the grantor.

21.9 Dry Sanitation Grant

Opening balance	261,034	-
Current year receipts	-	2,125,560
Conditions met - Transferred to income	-	(1,864,526)
Conditions still to be met - transferred to liabilities	<u>261,034</u>	<u>261,034</u>

This grant is used for the supply of bulk water. No funds have been held by the grantor.

21.10 Bontle Ke Botho

Opening balance	651,082	243,061
Current year receipts	184,435	457,670
Conditions met - Transferred to income	(80,484)	(49,648)
Conditions still to be met - transferred to liabilities	<u>755,033</u>	<u>651,082</u>

No funds have been held by the grantor.

21.11 Intern Grant

Opening balance	-	-
Current year receipts	141,000	-
Conditions met - Transferred to income	(131,020)	-
Conditions still to be met - transferred to liabilities	<u>9,980</u>	<u>-</u>

No funds have been held by the grantor.

21.12 Sport and recreation

Opening balance	1,000,000	-
Current year receipts	-	1,000,000
Conditions met - Transferred to income	(21,484)	-
Conditions still to be met - transferred to liabilities	<u>978,516</u>	<u>1,000,000</u>

No funds have been held by the grantor.

21.13 National Electrification Programme

Opening balance	4,106,222	-
Current year receipts	1,000,000	4,286,000
Conditions met - Transferred to income	(3,967,312)	(179,778)
Conditions still to be met - transferred to liabilities	<u>1,138,910</u>	<u>4,106,222</u>

No funds have been held by the grantor.

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

21.14 Projects funded ex district municipality

Opening balance	4,310,441	2,982,165
Current year receipts	-	1,328,277
Conditions met - Transferred to income	(9,960)	-
Conditions still to be met - transferred to liabilities	4,300,481	4,310,441

No funds have been held by the grantor.

21.15 Maplakeng project

Opening balance	-	-
Current year receipts	500,000	-
Conditions met - Transferred to income	(385,555)	-
Conditions still to be met - transferred to liabilities	114,445	-

No funds have been held by the grantor.

22 Other income

Tariff charges levied: Refuse dumping landfill site	14,086,897	12,211,391
Tariff charges levied: Reconnection fees	11,782,131	6,017,525
Unallocated income	28,587,729	-
Sundry income	52,225,273	27,864,088
Total	106,682,030	46,093,004

23 GAIN ON SALE OF ASSETS

Property, plant and equipment	4,170,817	4,794,696
Total gain on sale of assets	4,170,817	4,794,696

24 EMPLOYEE RELATED COSTS

Salaries and wages	264,908,167	231,386,993
Contributions for UIF, pensions and medical aids	76,414,954	67,260,404
Employee related costs - contributions to group insurance	9,112,904	7,686,349
Travel, motor car, accommodations and other allowances	29,908,862	25,608,808
Housing benefits and allowances	4,283,270	3,764,161
Overtime payments	35,569,153	25,864,493
Performance and other bonuses	19,789,664	17,949,587
Long-service awards	920,631	906,951
Industrial council levy	102,960	95,110
Provision for leave	4,983,875	6,034,254
Total employee related costs	445,994,440	386,557,110

24.1 Remuneration of the Municipal Manager

Annual remuneration	327,660	966,038
Travel, motor car, accommodation, subsistence and other allowances	503,479	297,000
Contributions to UIF, medical and pension funds	74,833	-
Total	905,972	1,263,038

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24.2	Remuneration of individual Deputy Municipal Managers (DMM)			
	2009	Chief Financial Officer	DMM Corporate Services	DMM Basic Services
	Annual remuneration	473,433	225,222	260,671
	Travel, motor car, accommodation, subsistence and other allowances	177,185	24,236	65,700
	Contributions to UIF, medical and pension funds	31,303	58,635	48,000
	Total	681,921	308,093	374,371
	2008	Chief Financial Officer	DMM Corporate Services	DMM Service Delivery Services
	Annual remuneration	648,000	538,276	563,994
	Travel, motor car, accommodation, subsistence and other allowances	200,000	169,405	164,123
	Total	848,000	707,681	728,117
24.3	Remuneration of individual Deputy Municipal Managers (DMM)			
	2009	Chief Audit Executive	DMM Economic Dev & Planning	DMM Public Safety
	Annual remuneration	860,949	759,380	280,075
	Travel, motor car, accommodation, subsistence and other allowances	239,699	198,744	64,536
	Contributions to UIF, medical and pension funds	111,997	-	48,000
	Total	1,212,645	958,124	392,611
	2008	Chief Audit Executive	DMM Economic Dev & Planning	
	Annual Remuneration	536,000	688,000	-
	Travel, motor car, accommodation, subsistence and other allowances	144,000	174,712	-
	Total	680,000	862,712	-
25	REMUNERATION OF COUNCILLORS			
	Executive Mayor		602,200	502,850
	Speaker		390,735	386,292
	Mayoral Committee Members		5,346,791	4,065,033
	Councillors		12,510,495	11,724,332
	Councillors' pension and medical contribution		1,299,638	1,620,090
	Total Councillors' remuneration		20,149,859	18,298,598
26	BULK PURCHASES			
	Electricity		514,905,841	404,404,165
	Water		264,567,562	234,146,026
	Total Bulk Purchases		779,473,403	638,550,191
27	GENERAL EXPENSES - OTHER			
	Audit fees		4,553,814	6,037,221
	Bank charges		4,315,694	3,450,684
	Fuel and oil		18,276,593	12,383,916
	Insurance		17,565,372	12,991,380
	Management fees		5,349,673	5,470,180
	Marketing and promotions		3,446,137	1,967,759
	Postage		2,395,535	2,501,321
	Special projects		40,604,262	28,231,868
	Stocks and material		2,118,143	2,028,020
	Other		215,086,456	163,414,480
	Total general expenses - other		313,711,679	238,476,827

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

28 CASH GENERATED BY OPERATIONS

Net Surplus for the year	(261,371,724)	(260,251,886)
Adjustment for:		
Depreciation and amortisation	97,085,156	(84,684,930)
Gain on disposal of property, plant and equipment	(4,170,817)	3,722,674
Settlement discount	-	45,487
Contributions to Provisions	4,983,875	(160,966)
Contributions to Credit Losses	679,766,212	(111,660,467)
Grants and Subsidies Received	-	(402,657,134)
Investment income	(39,308,894)	33,178,946
Interest earned - outstanding debtors	(148,146,836)	108,208,930
Interest paid	26,265,074	(20,763,518)
Dividends received	(4,905)	4,655
Non-cash income-Billings	-	1,230,138,604
Interdepartmental income	-	14,378,521
Other adjustments	-	(153,434)
Interdepartmental expenditure	-	(16,796,116)
Non-cash charges	-	46,795,873
Stock shortages-Non-operations	-	(3,869,500)
Sundry adjustments	-	8,140,477
	(10,473,445)	-
Operating Surplus Before Working Capital Changes:	344,623,696	543,616,216
(Increase)/decrease in inventories	3,127,658	(92,880,861)
(Increase)/decrease in trade receivables	(458,174,400)	(415,364,466)
(Increase)/decrease in other receivables	21,434,835	(12,334,001)
(Increase)/decrease in VAT receivable	3,494,016	20,032,650
Increase/(decrease) in conditional grants and receipts	(14,063,320)	30,675,113
Increase/(decrease) in trade payables	44,514,806	57,118,291
Increase current portion- Finance lease liability	18,455,534	-
Increase/(decrease) in consumer deposits	1,499,419	-
Decrease in current portion borrowing	(779,382)	-
Error in prior year's cashflow	1,594,852	-
Cash (utilised in) / generated by operations	(34,272,286)	130,862,942

29 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank balances and cash	11,403,332	23,112,005
Call investment deposits	234,613,224	326,805,706
Total Cash and Cash Equivalents	246,016,556	349,917,711

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

30 CORRECTION OF ERROR

During the 2007/2008 year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods: The comparative amounts have been restated as follows:

30.1 After the submission of the AFS 2006/2007 fuel expenditure amounting to R 683,529 was processed on the financial system.

Increase in Fuel expenditure

During the year ended 30 June 2008 various transactions were erroneously processed. The effect is summarised below.

Operating lease reclassified as finance leases

Previous year Insurance expenditure was incorrectly allocated

Previous year expenditure was incorrectly capitalised

Previous year expenditure was incorrectly allocated to work in progress

Previous years obsolete stock written off

Income from Landfill sites recorded in the incorrect period

Income from Sewer services recorded in the incorrect period

Net effect on surplus/deficit for the year

30.2 During the 2008/2009 year the following adjustments were made to transactions whereby amounts were erroneously stated in previous financial periods: The comparative amounts have been restated as follows:

30.2.1 Transactions affecting Non-Current Assets - Property, Plant and Equipment
2006/2007

Accumulated depreciation for 2006/2007 1,552,467,451

Overstated depreciation previously reported 42,742,727

Restated accumulated depreciation balance 1,509,724,724

30.2.2 Transactions affecting the Statement of Changes in Net Assets: Accum. Surplus:
2006/2007

Accumulated surplus for 2006/2007 270,841,245

Overstated depreciation 42,742,727

313,583,972

30.2.3 Transactions affecting depreciation - 2007/2008 financial year

Depreciation for 2007/2008 - Statement of Financial Performance 85,889,753

Overstated depreciation: Statement of Financial Performance 833,480

Restated balance - depreciation 85,056,273

30.2.4 Transactions affecting the Statement of Changes in Net Assets: Accum. Surplus:
2007/2008

VAT Claim paid against incorrect 21,100,502

Previous years shortterm loan written off 3,120,280

Payment made incorrect to statutory Fund (12,474)

Stock Adjustment correction (1,705,185)

Traffic Fines Reversed (9,818,686)

Adjustment of Debtors accounts on Provincial Health Subsidies (28,597,682)

Interest Received on Investment incorrectly allocated (856,703)

Incorrect Allocation of Interest 1,535,475

Cancelled cheques of previous years expenses 3,078,581

Clearing of Suspense Account on the Control Vote 2,152,791

Traffic Fines Refund (51,794)

Stock Shortage written Off against surplus vote (488,589)

Amount Receipted against Surplus Vote 70,037

Restated balance (10,473,445)

EMFULeni LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	132,557	1,520,507
Fruitless and wasteful expenditure current year.	3,262	132,557
Condoned or written off by Council		(1,520,507)
To be recovered – contingent asset (see note)		
Fruitless and wasteful expenditure awaiting condonement	135,819	132,557

Fruitless and wasteful expenditure 2008/2009: Airtime of cell phone of Mr C. Steyn who resigned in December 2008 are still being paid by municipality

32 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

32.1 PAYE and UIF

Opening Balance	3,707,826	3,305,525
Council Subscriptions	53,610,778	45,444,687
Amount Paid - Current Year	(48,791,945)	(41,736,860)
Amount Paid - Previous Years	(3,707,826)	(3,305,525)
Balance unpaid (included in payables)	4,818,833	3,707,826

32.2 Councillor's Arrear Consumer Accounts

The following Councillors had arrear accounts:	Outstanding more than 90 days
	R
as at 30 June 2009	
MDM Masodisa	36,636
NS Poole	34,744
P Zondo	26,659
BP Maseko	26,842
KJM Ranake	24,842
NG Hlongwane	-
FMA Mncube	7,859
SH De Weerd	-
VM Venter	-
TS Moepadira	1,367
TJS Thabane	747
MG Kgottleng	-
ML Maitlou	-
C Rabie	-
MB Pheko	-
JN Tsunke	-
PJ Louw	-
PM Thulo	-
ASJ Karstens	-
MT Ronyuza	-
SH Mokono	-
LA Muir	-
MT Tsoari	-
Total Councillor Arrear Consumer Accounts	159,696

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

as at 30 June 2008

VM Godoli	2,871
MD Kantso	46,285
MS Kolisang	6,003
AP Majosi	49,953
TT Maleka	1,182
TE Manzi	19,336
MDM Masodisa	1,376
B Mncube	478
TS Moepadira	13,601
BJ Mokoena	11,601
LJ Moko	23,000
MM Moloi	27,578
ML Mosebi	6,474
AM Motaung	10,332
TS Motsiri	59,288
CP Ntlele	2,864
NS Poce	51,898
J Rademeyer	4,910
KM Ranake	33,883
HD Seemelo	800
NR Thulo	7,061
MJ Tsoetsi	1,620
MT Ramashamole-Tuoane	17,148
M Twala	33,811
PJ Zondo	74,987
M Papane	2,990
Total Councillor Arrear Consumer Accounts	<u>511,331</u>

33 CAPITAL COMMITMENTS

The Council has committed itself to the following capital projects:

Infrastructure	3,221,380	754,125
Community assets	61,034	3,618
Other assets	1,881,913	554,715
Office equipment	-	-
	<u>5,164,327</u>	<u>1,312,459</u>

This expenditure will be financed from:

Grants and subsidies	1,745,569	727,964
Own funds	3,418,758	584,494
Total	<u>5,164,327</u>	<u>1,312,459</u>

34 CONTINGENT LIABILITY

ESKOM.

183,060,288

Upon incorporation on 1 January 1995, the former Town Council of Sebokeng was integrated into the now disestablished Vereeniging/Kopanong Metropolitan Local Council, Sebokeng Town Council had a liability of approximately R300 million towards to ESKOM. However Emfuleni Local Municipality is of the opinion that ESKOM took over certain electricity networks in settlement of the liability.

Contingent assets

not reflected in the Statement of financial position.

117,399,999

Contingent assets

Assets taken over by ESKOM in terms of the above mentioned revaluation and not reflected in the Statement of Financial Position

EMFULENI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

35 IN-KIND DONATIONS AND ASSISTANCE

The municipality received assistance in kind from the National Treasury that seconded a Finance Manager and the secondment of Advisor from the Province.

36 RELATED PARTIES

Section 57 Managers:

Short term employee benefits	Refer note 24
Post employment benefits	None

Members of Council:

Refer note 25

Mayor- S.A Mshudulu
 Speaker- N.G Hlongwane
 Mayoral Committee- S.E Pitso
 Mayoral Committee- T. J. S Thabane
 Mayoral Committee- T. S Moepadira
 Mayoral Committee- D. Malisa
 Mayoral Committee- N.R Thulo
 Mayoral Committee- M. T Ronyuza
 Mayoral Committee- K. J. M Ranake
 Mayoral Committee- F. Fundisa
 Mayoral Committee- M.R Letsoenyo
 Mayoral Committee- M.P Muir

Post employment benefits	None
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EMFULENI LOCAL MUNICIPALITY
SCHEDULE OF LONG-TERM LIABILITIES AS AT 30 JUNE 2009
APPENDIX A

Type	Number	Redeemable	Balance at 30 June 2008	(Accrued interest) /received during the year	Redeemed during the period	Balance at 30 June 2009
ANNUITY LOANS						
D.B.S.A. Loan (11.81%)	101731	31.12.2012	13,493,735		(2,420,359)	11,073,375
D.B.S.A. Loan (15.74%)	13554/101	30.09.2020	24,940,792	(941,774)	(697,536)	23,301,482
D.B.S.A. Loan at 3 month reset	13959/101	31.03.2017	17,956,658	(593,701)	(1,929,217)	15,433,739
D.B.S.A. Loan (13.56%)	12624/101	30.06.2012	168,797		(34,301)	134,496
D.B.S.A. Loan (13.56%)	12625/101	30.06.2014	101,683		(11,913)	89,770
D.B.S.A. Loan (16.67%)	13012/101	31.12.2011	58,641		(13,555)	45,086
D.B.S.A. Loan (15.26%)	13014/101	31.12.2012	1,195,455		(201,950)	993,505
Inca (17.20%)	VERE-00-0002	30.06.2011	19,900,000		-	19,900,000
Inca (17%)	VERE-00-0001	30.06.2011	34,286,314		-	34,286,314
Total annuity loans			112,102,074	(1,535,475)	(5,308,832)	105,257,767
CAPITALISED LEASES						
Man Financial Services			-	3,293,740	(1,023,755)	2,269,985
Mercedes Benz Finance (prime - 1%)		10.04.2010	5,263,382	-	(2,178,970)	3,084,412
Amasondo Fleet Management			8,707,314	-	(1,795,027)	6,912,286
Fleet Africa		31.05.2011	50,359,521	-	(7,793,685)	42,565,836
Debis Fleet Management			6,134,907	-	(2,029,847)	4,105,060
Vaal Toyota			14,179,009	-	(3,375,449)	10,803,560
Total long term lease liabilities			84,644,132	3,293,740	(18,196,733)	69,741,140
Total external loans			196,746,206	1,758,265	(23,505,564)	174,998,907

EMFULENI LOCAL MUNICIPALITY

	Cost or revaluation				Accumulated depreciation					
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
LAND AND BUILDINGS										
Land	187,175,428	-	-	-	187,175,428	22,858,340	-	-	22,858,340	164,317,088
Buildings	128,559,625	-	-	-	128,559,625	68,297,964	-	-	68,297,964	60,261,661
	315,735,053	-	-	-	315,735,053	91,156,304	-	-	91,156,304	224,578,749
Reclassification of asset class	(315,735,053)	-	-	-	(315,735,053)	(91,156,304)	-	-	(91,156,304)	(224,578,749)
	-	-	-	-	-	-	-	-	-	-
COMMUNITY ASSETS										
Ambulance stations	2,969,000	-	-	-	2,969,000	2,500,000	-	-	2,500,000	469,000
Care centres	61,274	-	-	-	61,274	61,274	-	-	61,274	-
Cemeteries	959,969	-	-	-	959,969	471,913	723	-	472,636	487,333
Civic theatres	4,191,384	-	-	-	4,191,384	1,721,804	137,837	-	1,859,641	2,331,743
Clinics/hospitals	6,130,282	-	-	-	6,130,282	2,044,992	123,119	-	2,168,111	3,962,171
Community centres	9,659,606	3,951,947	-	-	13,611,553	5,959,275	226,992	-	6,186,267	7,425,266
Fire stations	2,424,552	-	-	-	2,424,552	2,237,612	8,945	-	2,246,557	177,995
Game reserves / rest camps	3,262,533	-	-	-	3,262,533	262,533	-	-	262,533	3,000,000
Indoor sports	13,900,910	-	-	-	13,900,910	5,969,847	368,453	-	6,338,300	7,562,610
Libraries	14,725,882	-	-	-	14,725,882	4,224,768	412,352	-	4,637,120	10,088,762
Museums / art galleries	1,903,997	-	-	-	1,903,997	1,903,997	-	-	1,903,997	-
Parks	182,835,172	109,842	-	-	182,945,014	22,288,128	337,611	-	22,625,739	160,319,275
Public conveniences	13,467	-	-	-	13,467	13,467	-	-	13,467	-
Recreation centres	7,553,673	158,784	-	-	7,712,457	5,066,125	106,794	-	5,172,919	2,539,538
Paving	3,160,929	-	-	-	3,160,929	295,810	158,046	-	453,856	2,707,073
Bowling greens	31,735	-	-	-	31,735	31,735	-	-	31,735	-
Security systems	9,128,612	1,649,003	1,162,922	-	11,940,537	3,032,146	1,276,298	-	4,308,444	7,632,093
Tennis courts	162,989	-	-	-	162,989	162,989	-	-	162,989	-
Swimming pools	5,823,853	329,295	937,749	-	7,090,897	5,314,471	12,006	-	5,326,477	1,764,420
Golf courses	496,813	-	-	-	496,813	496,813	-	-	496,813	-
Jukskei pitches	8,554	-	-	-	8,554	8,554	-	-	8,554	-
Outdoor sports facilities	7,672,200	-	-	-	7,672,200	4,298,571	82,943	-	4,381,514	3,290,686
Lakes and dams	3,467,124	-	-	-	3,467,124	3,435,069	2,709	-	3,437,778	29,346
Fencing	4,734,699	25,745	-	-	4,760,444	2,756,242	679,513	-	3,437,755	1,322,689
Office buildings	1,818,461	51,274	1,616,409	-	3,486,144	11,435	93,640	-	105,075	3,383,069
Access control	82,641	-	-	-	82,641	82,641	-	-	82,641	-
	287,180,311	6,275,890	3,719,080	-	297,175,281	74,654,211	4,027,981	-	78,682,192	218,493,089
HERITAGE ASSETS										
Artwork	171,620	-	-	-	171,620	-	-	-	-	171,620
Statuses	32,300	-	-	-	32,300	-	-	-	-	32,300
	203,920	-	-	-	203,920	-	-	-	-	203,920

EMFULENI LOCAL MUNICIPALITY

	Cost/Revaluation				Accumulated depreciation					
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
INFRASTRUCTURE										
Mini dumps	7,285,680	63,039	1,941,474	-	9,290,193	4,382,591	247,881	-	4,630,472	4,659,721
Power stations	194,421,886	6,397,947	7,548,802	-	208,368,635	115,892,777	4,508,732	-	120,401,509	87,967,126
Transformer kiosks	27,696,999	593,818	3,466,986	-	31,757,703	110,534,614	3,269,407	-	113,804,021	(82,046,319)
Meters	15,806,093	-	-	-	15,806,093	7,006,092	1,087,286	-	8,093,378	7,712,715
Load control equipment	665,290,534	429,971	497,483	-	666,217,988	426,133,533	13,092,272	-	439,225,805	226,992,183
Switchgear equipment	48,602,555	19,970	12,856,088	-	61,478,613	34,442,855	1,110,772	-	35,553,827	25,924,986
Supply / reticulation	201,212,989	-	-	-	201,212,989	174,780,715	5,033,520	-	179,814,235	21,398,754
Mains	208,501,564	87,626	-	-	208,589,190	101,336,689	4,647,810	-	105,984,499	102,604,691
Motorways	316,830,482	5,079,074	1,062,428	-	322,971,984	173,931,015	7,214,602	-	181,145,617	141,826,367
Other roads	7,205,636	-	1,702,924	-	8,908,560	7,205,636	-	-	7,205,636	1,702,924
Traffic lights	793,061	107,063	96,920	-	997,044	793,061	5,944	-	799,005	198,039
Street lighting	22,132,403	-	37,020	-	22,169,423	18,309,664	1,933,432	-	20,243,096	1,926,327
Storm water drains	56,018,091	399,704	11,410,167	-	67,827,962	34,420,834	1,686,816	-	36,107,650	31,720,312
Bridges, subways & culverts	453,725	-	-	-	453,725	453,725	-	-	453,725	-
Car parks	4,077,522	104,980	44,310	-	4,226,812	3,698,768	877	-	3,699,645	527,167
Bus terminals	797,427	-	-	-	797,427	797,427	-	-	797,427	-
Taxi rank	-	17,601,081	-	-	17,601,081	-	73,338	-	73,338	17,527,743
Sewers	89,878,917	13,694,392	48,746,194	-	152,319,503	44,827,017	2,216,755	-	47,043,772	105,275,731
Outfall sewers	3,796,686	-	-	-	3,796,686	1,786,663	190,054	-	1,976,717	1,819,969
Purification works	108,929,971	6,235,393	15,540,076	-	130,705,440	19,031,712	4,887,620	-	23,919,332	106,786,108
Sewer pumps	260,377	-	-	-	260,377	40,140	13,019	-	53,159	207,218
Meters	5,008,733	-	25,800	-	5,034,533	1,259,422	-	-	1,259,422	3,775,111
Mains	8,002,065	-	18,065,329	-	26,067,394	807,078	-	-	807,078	25,260,316
Supply / reticulation	218,753,628	2,064,057	98,209,924	-	319,027,609	58,027,140	-	-	58,027,140	261,000,469
Reservoirs, tanks	11,381	220,000	-	-	231,381	4,286	6,966	-	11,252	220,129
Subtotal	2,211,766,305	53,098,115	221,251,925	-	2,486,118,345	1,339,903,454	51,227,103	-	1,391,130,557	1,094,987,788
Seefibeng assets	-	-	-	-	-	-	-	-	-	-
Subtotal	2,211,766,305	53,098,115	221,251,925	-	2,486,118,345	1,339,903,454	51,227,103	-	1,391,130,557	1,094,987,788

EMFULENI LOCAL MUNICIPALITY

	Cost/Revaluation				Accumulated depreciation				
	Opening balance	Additions	Under construction	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
OTHER ASSETS									
Caravans parks	3,877,558	11,842	-	3,889,400	773,790	986	-	774,776	3,114,624
Cinemas	4,842	-	-	4,842	4,842	-	-	4,842	-
Hostels - public/tourist	38,611,450	-	-	38,611,450	7,129,500	1,567,966	-	8,697,066	29,914,364
Hostels - workers	5,706,937	-	-	5,706,937	5,706,937	-	-	5,706,937	-
Housing schemes	30,961,114	-	-	30,961,114	21,190,476	284,020	-	21,474,496	9,486,618
Markets	3,289,370	-	-	3,289,370	3,289,370	-	-	3,289,370	-
Office buildings	41,562,787	13,280,993	42,323	54,886,103	26,092,415	10,365,466	-	36,457,881	18,428,222
Old age homes	56,227	-	-	56,227	56,227	-	-	56,227	-
Workshop/depots	5,014,630	-	-	5,014,630	3,859,630	-	-	3,859,630	1,155,000
Household refuse bins	53,624	19,716	-	73,340	47,961	2,993	-	50,954	22,385
Bulk containers	78,000	-	131,985	209,985	35,432	3,899	-	39,331	170,654
Cable station	-	-	385,000	385,000	-	-	-	-	385,000
Fire equipment	454,256	-	-	454,256	223,572	90,305	-	313,877	140,379
Ambulances	517,722	-	-	517,722	316,675	103,544	-	420,219	97,503
Fire hoses	412,905	-	-	412,905	183,416	58,592	-	242,008	170,897
Chairs	4,189,677	912,852	-	5,098,419	3,621,728	188,312	(4,110)	3,805,930	1,292,489
Tables / desks	3,239,959	1,004,043	-	4,235,722	2,719,627	179,083	(8,290)	2,890,430	1,345,292
Cabinets / cupboards	2,391,082	337,164	-	2,723,877	1,781,368	137,802	(4,369)	1,914,801	809,076
Miscellaneous	20,485,657	3,161,871	1,891,350	25,536,926	9,074,947	2,788,049	(1,952)	11,861,044	13,675,882
Fire engines	24,312,315	-	-	23,782,144	7,413,069	4,501,305	(414,752)	11,499,622	12,282,522
Buses	5,507	-	-	5,507	5,507	-	-	5,507	-
Motor vehicles	14,485,095	-	-	13,473,371	6,475,266	2,127,476	(847,923)	7,754,819	5,718,552
Motor cycles	1,599,521	-	-	1,599,521	501,340	295,147	-	796,487	803,034
Trucks / bakkies	84,642,853	12,193	4,854,905	85,597,683	41,855,910	10,604,915	(3,657,869)	48,802,956	36,794,727
Computer hardware	14,200,277	3,871,575	-	18,071,852	9,155,021	1,672,660	-	10,827,681	7,244,171
Computer software	12,237,634	4,319,340	549,946	17,106,920	3,149,614	2,554,267	-	5,703,881	11,403,039
Office machines	1,251,591	1,665,726	-	2,917,317	853,945	132,906	-	986,851	1,930,466
Air conditioners	665,621	551,659	-	1,217,280	275,830	124,033	-	399,863	817,417
Graders	5,372,968	700	203,579	5,402,237	3,963,728	271,249	(175,000)	4,059,977	1,342,260
Tractors	4,902,522	-	-	4,800,463	3,745,000	254,713	(102,059)	3,897,654	902,809
Trailors	-	3,293,740	-	3,293,740	-	137,239	-	137,239	3,156,501
Lawnmowers	2,326,164	853,008	-	3,145,829	1,374,148	207,992	(33,343)	1,548,797	1,597,032
Compressors	423,147	-	-	413,747	238,092	6,406	(9,400)	235,098	178,649
Laboratory equipment	732,260	-	-	732,260	167,402	145,649	-	313,051	419,209
Security system	-	1,183,798	-	1,183,798	-	97,620	-	97,620	1,086,178
Radio equipment	1,065,460	189,423	-	1,254,883	650,502	122,321	-	772,823	482,060
Telecommunication equipment	2,212,847	510	-	2,213,357	2,138,008	42,509	-	2,180,517	32,840
Paving	-	6,817	19,510	26,327	-	19	-	19	26,308
General	10,536,120	9,037,632	466,432	20,013,796	4,612,641	1,079,496	(26,388)	5,665,749	14,346,047
Lathes	1,100	-	-	1,100	1,100	-	-	1,100	-
Milling equipment	5,047	-	-	5,047	1,165	790	-	1,955	3,092

EMFULENI LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
APPENDIX B

OTHER ASSETS	Cost/Revaluation				Accumulated depreciation			
	Opening balance	Additions	Under construction	Closing balance	Opening balance	Additions	Disposals	Closing balance
Backactor	3,315,065	-	-	3,315,065	2,013,411	375,637	-	2,389,048
Front end loader	10,210,348	-	-	9,721,819	4,385,710	1,263,129	(488,529)	5,160,310
Demitheralisation plant	18,503	-	-	18,503	4,934	3,701	-	8,635
Rubber Duck	190,214	-	-	190,214	12,680	38,043	-	50,723
Sins & Auto	350	-	-	350	116	233	-	349
Subtotal	355,620,316	43,714,602	8,545,030	401,572,355	179,102,052	41,830,072	(5,773,974)	215,158,150
Grand total	2,854,772,852	103,088,607	233,516,035	3,185,069,901	1,593,659,717	97,085,156	(5,773,974)	1,684,970,899
								1,500,099,002

EMFULENI LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
APPENDIX C

	Cost			Accumulated depreciation						
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying value
Executive and Council	206,366,798	22,891,065	4,712,863		233,970,726	30,191,240	10,900,563	(100)	41,091,703	192,879,023
Finance and Admin	17,109,334	9,436,631		(6,032)	26,539,933	11,676,879	2,653,287	(5,773,874)	8,556,292	17,983,641
Planning and Development	1,241,153	351,130			1,592,283	579,252		-	579,252	1,013,031
Health	5,841,690	1,352,678	461,349	(200)	7,655,517	3,687,835	223,455	-	3,911,290	3,744,227
Community and Social services	-	-	-	-	-	-	-	-	-	-
Housing	60,565,484	-	-	-	60,565,484	26,268,329	-	-	26,268,329	34,297,155
Public safety	18,238,645	3,775,789	1,281		22,015,715	12,028,079	8,334,688	-	20,362,767	1,652,948
Sport and recreation	39,757,628	14,575	842,196	(16,602)	40,597,797	25,472,783	431,104	-	25,903,887	14,693,910
Environmental protection	-	-	-	-	-	-	-	-	-	-
Waste management	126,454,024	25,288,081	80,683,916	(6,284,110)	226,141,911	10,232,656	7,180,478	-	17,413,134	208,728,777
Road transport	950,911	10,890,690	1,308,982	-	13,150,583	-	21,567,654	-	21,567,654	(8,417,071)
Water	106,554,779	2,481,983	99,053,722	-	208,090,484	114,382,800	3,467,546	-	117,850,346	90,240,138
Electricity	1,519,424,969	11,481,812	41,706,488	-	1,572,613,269	1,036,545,850	30,526,281	-	1,067,072,131	505,541,138
Other	752,267,437	15,124,173	4,745,238	(649)	772,136,199	322,594,015	11,800,100	-	334,394,115	437,742,084
Total	2,854,772,852	103,088,607	233,516,035	(6,307,593)	3,185,069,901	1,593,659,718	97,085,156	(5,773,974)	1,684,970,899	1,500,099,002

EMFULENI LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
APPENDIX D

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
275,445,943	90,527,454	184,918,390	Executive and Council	310,981,443	58,952,911	252,028,531
419,020,567	259,388,937	159,631,630	Finance and Admin	485,189,907	326,622,098	158,567,809
284,674	13,477,523	(13,192,849)	Planning and Development	1,164,233	20,581,712	(19,417,478)
33,777,582	32,683,674	1,093,908	Health	36,229,754	36,985,716	(755,962)
518,565	7,845,386	(7,326,821)	Community and Social services	5,882	24,230,233	(24,224,351)
10,232,795	15,262,209	(5,029,414)	Housing	4,659,809	12,931,741	(8,271,932)
14,244,270	70,447,999	(56,203,729)	Public safety	30,590,148	79,160,721	(48,570,574)
439,677	19,479,683	(19,040,017)	Sport and recreation	593,542	23,524,594	(22,931,052)
4,297,084	44,492	4,252,592	Environmental protection	65,053	5,682,009	(5,616,956)
78,636,479	83,435,692	(4,799,214)	Waste management	82,481,603	72,145,698	10,335,905
-	39,871,840	(39,871,840)	Road transport		49,809,643	(609,719,729)
480,775,342	385,361,253	95,414,089	Water	373,419,193	983,138,921	(609,719,729)
589,118,240	494,627,293	94,490,947	Electricity	756,073,425	607,717,387	148,356,038
9,788,004	139,897,888	(130,109,884)	Other	193,723,614	235,065,945	(41,342,331)
1,916,579,122	1,652,351,333	264,227,789	Sub total	2,275,177,605	2,536,549,329	(211,562,081)
14,378,521	16,796,116	(2,417,595)	Less: Inter-departmental charges	8,480,709	9,688,558	(1,187,849)
1,902,200,601	1,635,555,217	266,645,384	Total	2,266,696,896	2,526,880,771	(210,374,232)

EMFULENI LOCAL MUNICIPALITY
APPENDIX E2
ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance (underspending) Overspending % R
LAND AND BUILDINGS						
Buildings	-		-	-	-	
COMMUNITY ASSETS						
Clinics/hospitals	3,951,947		3,951,947	9,889,992	5,938,045	
Cemeteries			-	-	-	
Indoor sports			-	-	-	
Swimming Pools	329,295	937,750	1,267,045	3,170,858	1,903,813	
Parks	121,684		121,684	304,522	182,838	
Recreation facilities	158,784		158,784	397,367	238,583	
Libraries			-	-	-	
Outdoor sports facilities			-	-	-	
Fencing	25,745		25,745	64,428	38,683	
Paving	6,817	19,510	26,327	65,885	39,558	
Security systems	2,832,801	1,162,922	3,995,723	9,999,545	6,003,822	
Office buildings	51,274	1,618,409	1,669,683	4,178,484	2,508,801	
	7,478,347	3,738,591	11,216,938	28,071,081	16,854,143	

EMFULENI LOCAL MUNICIPALITY
APPENDIX E2
ACTUAL VERSUS BUDGET: ACQUISITION OF PI EMFULENI LOCAL MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance (underspending) Overspending % R
INFRASTRUCTURE	R	R	R	R	R	R
Power stations	6,397,947	7,548,802	13,946,749	15,164,920	1,218,172	
Load control equipment	429,971	497,483	927,454	1,008,462	81,008	
Switchgear equipment	19,970	12,856,088	12,876,058	14,000,711	1,124,653	
Supply / reticulation - electricity	1,666,280	2,067,907	3,734,186	4,060,347	326,161	
Mains - electricity	87,626	3,967,231	4,054,857	4,409,026	354,169	
Transformer kiosks	593,818	3,466,986	4,060,803	4,415,492	354,689	
Street lighting		37,020	37,020	40,253	3,233	
Traffic Lights	107,063	96,920	203,983	221,800	17,817	
Mini dumps	63,039	1,941,474	2,004,513	2,179,596	175,083	
Motorways	5,079,074	1,062,428	6,141,502	6,677,928	536,426	
Other Roads		1,702,924	1,702,924	1,851,665	148,741	
Car Parks	104,980	44,310	149,290	162,329	13,040	
Taxi Rank	17,601,082		17,601,082	19,138,439	1,537,357	
Stormwater drains	399,704	11,410,167	11,809,871	12,841,398	1,031,527	
Sewers	6,224,071	56,216,516	62,440,586	67,894,427	5,453,841	
Purification works	6,235,393	15,540,078	21,775,470	23,677,437	1,901,967	
Meters		25,800	25,800	28,053	2,253	
Mains - water		14,098,098	14,098,098	15,329,489	1,231,391	
Reservoirs and Tanks	220,000		220,000	239,216		
Supply / reticulation - water	397,778	96,142,017	96,539,795	103,322,251	6,782,456	
SUBTOTAL	45,627,794	228,722,247	274,350,041	296,663,242	22,293,985	

EMFULENI LOCAL MUNICIPALITY
APPENDIX E2
ACTUAL VERSUS BUDGET: ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance (underspending) % R
OTHER ASSETS	R	R	R	R	R	R
Cable stations	13,280,993	385,000	385,000	445,631	60,631	
Office buildings	19,716	42,323	13,323,316	15,421,513	2,098,197	
Household refuse bins	1,004,043		19,716	22,821	3,105	
Tables / desks	337,164		1,004,043	1,162,162	158,120	
Cabinets / cupboards	3,161,871		337,164	390,261	53,098	
Miscellaneous	912,852	1,891,350	5,053,221	5,849,018	795,797	
Chairs			912,852	1,056,611	143,759	
Motor vehicles						
Bulk containers	12,193	131,985	131,985	152,770	20,785	
Trucks / bakkies	3,871,575	4,854,905	4,867,098	5,633,584	766,486	
Computer hardware	4,319,340		3,871,575	4,481,283	609,708	
Computer software	1,665,726	549,946	4,869,286	5,636,116	766,830	
Office machines	551,659		1,665,726	1,928,050	262,324	
Air conditioners	700		551,659	638,535	86,877	
Graders	853,008	203,579	204,279	236,449	32,170	
Lawnmovers			853,008	987,342	134,334	
Compressors						
Laboratory equipment	189,423					
Radio equipment	510		189,423	219,254	29,831	
Telecommunication equipment	3,293,740		510	590	80	
Trailors			3,293,740	3,812,449	518,708	
Backactor						
General	9,167,783	466,432	9,634,216	11,151,442	1,517,226	
SUBTOTAL	42,642,295	8,525,520	51,167,816	59,225,882	8,058,066	

GRAND TOTALS	95,748,436	240,986,358	336,734,794	383,960,205	47,225,411	
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**EMFULENI LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET: SEGMENTAL ANALYSIS OF ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual R	2009 Under construction R	2009 Total additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanation of significant variances greater than 5% versus Budget
Executive Council	22,786,606	1,395,557	24,182,163	37,500,000	13,317,837	35.51%	
Finance and Admin	9,368,859	-	9,368,859	20,571,744	11,202,885	54.46%	
Planning and Development	519,126	3,306,039	3,825,165	5,125,000	1,299,835	25.36%	
Health	1,352,679	461,349	1,814,028	6,360,019	4,545,991	71.48%	
Community and Social services	576,341	156,223	732,564	8,668,400	7,935,836	91.55%	
Housing	-	-	-	-	-	0.00%	
Public safety	3,775,789	1,281	3,777,071	6,727,210	2,950,139	43.85%	
Sport and Recreation	14,575	842,196	856,771	5,950,308	5,093,537	85.60%	
Environmental protection	-	-	-	-	-	0.00%	
Waste management	732,167	10,259,449	10,991,616	16,545,683	5,554,067	33.57%	
Waste water management	18,210,845	57,565,464	75,776,308	-	(75,776,308)		
Road transport	8,558,995	17,459,289	26,018,285	54,845,072	28,826,787	52.56%	
Water	714,566	106,524,040	107,238,596	128,546,400	21,307,804	16.58%	
Electricity	11,481,813	41,706,489	53,188,302	65,752,036	12,563,734	19.11%	
Other	17,656,084	1,308,982	18,965,067	27,368,333	8,403,266	30.70%	
SUBTOTAL	95,748,436	240,986,358	336,734,794	383,960,205	47,225,411	12.30%	

Capacity in terms of human resources to implement the approved projects was in inadequate

Organogramme was approved in March 2009, therefore insufficient time to carry out the approved projects

Capital expenditure adjusted upwards for roll-overs, ward based projects, additional MIG and Regional Sewer Scheme allocations

Supply chain management process challenges in terms of turn around times

Planning challenges in terms of turn around times

**EMFULENI LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MFMA
FOR THE YEAR ENDED 30 JUNE 2009**

	State organ	Opening Balance	Quarterly receipts				Total	Quarterly expenditure				Total	Closing Balance
			Sept	Dec	Mar	June		Sept	Dec	Mar	June		
Conditional Grants													
Restructuring Grant	National	-59,259,881.54	-	-	-	-	-	1,916,630.18	4,856,337.84	3,449,535.08	18,795,913.78	29,018,416.88	-30,241,464.66
Municipal Infrastructure Grant (MIG)	Provincial	-11,911,037.28	-11,318,000.00	-9,351,000.00	-9,679,000.00	-	-30,348,000.00	18,145,099.07	5,322,131.56	3,791,090.47	9,912,337.34	37,170,658.44	
Grants Ex-District	Sedibeng	-4,310,441.31	-	-	-	-	-	-	9,960.00	-	-	9,960.00	-4,300,481.31
Municipal Systems Improvement Grant	National	-734,095.00	-735,000.00	-	-	-	-735,000.00	233,833.64	473,881.63	2,000.00	793,825.29	795,825.29	-673,269.71
HIV Grant	Provincial	-1,186,284.18	-1,108,000.00	-	-	-	-1,108,000.00	54,216.90	176,473.46	247,702.94	690,226.70	1,440,030.88	-854,253.30
Financial Management Grant (FMG)	National	-911,550.19	-500,000.00	-	-	-	-500,000.00	54,216.90	176,473.46	247,702.94	140,418.58	618,811.88	-792,738.31
Bottle-ke-Boitho	Provincial	-651,082.09	-715.00	-1,360.00	-1,840.00	-180,520.00	-184,435.00	536,419.90	6,714.91	13,319.40	60,450.00	80,404.31	-755,032.78
Library Grant	Provincial	-3,296,300.00	-	-682,000.00	-	-4,000,000.00	-4,682,000.00	313,129.86	1,144,083.21	567,238.27	1,144,083.21	2,560,871.24	-5,417,428.76
Sports Grant	Provincial	-1,000,000.00	-	-	-	-	-	19,142.77	2,340.82	215,686.58	2,340.82	21,483.59	-978,516.41
Dwarf Grant	Provincial	-2,119,253.11	-228,000.00	-2,500,000.00	-	-	-2,728,000.00	149,738.36	808,796.87	215,686.58	1,545,599.56	2,719,821.37	-227,431.74
Conditional Health Grant	Provincial	-2,420,018.97	-	-	-	-	-	16,554.83	213,220.97	74,155.29	1,049,463.04	1,353,394.13	-1,066,624.84
Regional Sewer Scheme	Provincial	-42,727,668.32	-	-	-	-	-	4,277,609.88	12,315,017.12	5,946,637.75	-9,152,497.39	13,386,767.36	-29,340,900.96
Dry Sanitation Grant	Provincial	-261,033.68	-	-	-	-	-	-	-	-	-	-	-261,033.68
Intern Grant	Provincial	-	-141,000.00	-	-	-	-141,000.00	-	-	106,529.86	24,490.35	131,020.21	-9,979.79
Social Development Grant	Provincial	-	-	-	-500,000.00	-	-500,000.00	-	-	-	-	-	-500,000.00
National Electrification Program	National	-4,106,222.00	-	-	-	-1,000,000.00	-1,000,000.00	-	81.55	56,784.00	3,910,446.93	3,967,312.48	-1,138,909.52
MSIG(Sedibeng)	Sedibeng	-50,000.00	-	-	-	-	-	-	-	-	-	-	-50,000.00
Mapanteng Water Project	Provincial	-	-	-	-	-500,000.00	-500,000.00	-	-	-	385,554.77	385,554.77	-114,445.23
Unconditional Grants													
Equitable Share	National	-	-97,512,507.00	-73,134,381.00	-136,424,775.00	-	-307,071,663.00	-	-	-	-	307,071,663.00	-
Subsidies													
Provincial Health Subsidy	Provincial	8,783,102.72	-6,522,015.89	-6,974,298.67	-	-6,939,432.10	-20,435,746.66	6,467,528.02	7,179,489.42	6,979,669.13	7,739,528.85	28,366,215.42	16,713,571.40
Environmental Health Subsidy	Sedibeng	425,119.00	-2,006,127.36	-1,266,648.05	-1,246,730.96	-524,035.33	-5,042,541.70	1,185,020.79	1,266,648.05	1,246,730.96	1,557,253.91	5,255,653.71	638,231.01
Total			(120,070,365)	(93,909,688)	(147,852,346)	(13,143,987)	-374,976,386.36	32,982,652	32,941,883	22,768,311	38,589,436	434,353,944.96	-64,459,087.35

Environmental Health Subsidy
The Environmental Health Subsidy services community clinics.
Expenses are incurred by Emfuleni and then claimed from Sedibeng District Municipality
Expenses and claims are reflected on the income statement.

Provincial Health Subsidy
The Provincial Health Subsidy services community clinics.
Expenses are incurred by Emfuleni and then claimed from the Province.
Expenses and claims are reflected on the income statement.

Equitable Share
The Equitable Share is an unconditional grant and fully subsidized by National Treasury.
The grant is invested and the interest is used in the operations in Emfuleni.
This grant is used to subsidise the poorest of the poor (INDGENIS) and other admin costs as per the Manager Budget Office.

EMFULENI LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF THE MFMA FOR THE YEAR ENDED 30 JUNE 2009
ANNEXURE F

	State origin	Opening Balance	Quarterly receipts				Total	Quarterly expenditure				Total	Closing Balance
			Sept	Dec	Mar	June		Sept	Dec	Mar	June		
Conditional Grants													
Restructuring Grant	National	-59,259,881	-	-	-	-	-	1,916,630	4,856,338	3,449,535	18,795,914	29,018,417	-30,241,464
Municipal Infrastructure Grant (MIG)	Provincial	-11,911,037	-11,318,000	-9,351,000	-9,679,000	-	-30,348,000	18,145,089	5,322,132	3,791,090	9,912,337	37,170,668	-5,088,379
Grants Ex-District	Sediberg	-4,310,441	-	-	-	-	-	-	9,960	-	-	9,960	-4,300,481
Municipal Systems Improvement Grant	National	-734,095	-735,000	-	-	-	-735,000	-	-	2,000	793,825	795,825	-673,270
HIV Grant	Provincial	-1,186,284	-1,108,000	-	-	-	-1,108,000	233,834	473,882	52,089	680,227	1,440,032	-854,252
Financial Management Grant (FMG)	National	-911,550	-500,000	-	-	-	-500,000	54,217	176,173	247,703	140,419	618,812	-792,738
Bontle-ke-Boho	Provincial	-651,082	-715	-1,350	-1,040	-180,520	-184,435	-	6,715	13,319	60,450	80,484	-755,033
Literary Grant	Provincial	-3,295,300	-	-682,000	-	-4,000,000	-4,682,000	536,420	313,130	567,238	1,144,083	2,560,871	-5,417,429
Sports Grant	Provincial	-1,000,000	-	-	-	-	-	-	-	19,143	2,341	21,484	-978,516
Dwarf Grant	Provincial	-219,253	-228,000	-2,500,000	-	-	-2,728,000	149,738	808,797	215,687	1,545,600	2,719,822	-227,431
Conditional Health Grant	Provincial	-2,420,019	-	-	-	-	-	16,555	213,221	74,155	1,049,463	1,353,394	-1,086,625
Regional Sewer Scheme	Provincial	-42,727,668	-	-	-	-	-	4,277,610	12,315,017	5,946,638	-9,152,497	13,386,768	-29,340,900
Dry Sanitation Grant	Provincial	-261,034	-	-	-	-	-	-	-	-	-	-	-261,034
Intern Grant	Provincial	-	-141,000	-	-	-	-141,000	-	-	106,530	24,490	131,020	-9,980
Social Development Grant	Provincial	-	-	-	-500,000	-	-500,000	-	-	-	-	-	-500,000
National Electrification Program	National	-4,106,222	-	-	-	-1,000,000	-1,000,000	-	82	56,784	3,910,447	3,967,313	-1,138,909
MSIG(Sediberg)	Sediberg	-50,000	-	-	-	-	-	-	-	-	-	-	-50,000
Maplankeng Water Project	Provincial	-	-	-	-	-500,000	-500,000	-	-	-	385,554	385,554	-114,446
Unconditional Grants													
Equitable Share	National	-	-97,512,507	-73,134,381	-138,424,715	-	-307,071,683	-	-	-	-	307,071,683	-
Subsidies													
Provincial Health Subsidy	Provincial	8,783,103	-6,522,016	-6,974,299	-	-6,939,432	-20,435,747	6,467,528	7,179,689	6,979,669	7,739,529	28,386,215	16,713,571
Environmental Health Subsidy	Sediberg	425,119	-2,005,130	-1,265,648	-1,246,731	-524,035	-5,042,544	1,185,021	1,266,648	1,246,731	1,557,254	5,255,654	638,229
Total		(123,835,644)	(120,070,368)	(93,909,688)	(147,852,346)	(13,143,987)	-374,976,385.00	32,982,652	32,941,884	22,768,311	38,589,436	434,353,946	-64,459,087